

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0997-01  
Bill No.: HB 221  
Subject: Banks and Financial Institutions: Business and Commerce; Economic  
Development Dept  
Type: Original  
Date: January 24, 2003

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Department of Economic Development - Divisions of Finance and Credit Unions, Department of Higher Education, Department of Revenue, and the Office of Secretary of State - Uniform Commercial Code Division** stated this proposal would have no fiscal impact on their agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

#### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## DESCRIPTION

This proposal modifies a number of laws associated with banking.

The Missouri Higher Education Loan Authority is authorized to consolidate existing parent loans for undergraduate students ("PLUS").

Duties of parties regarding the creation of liens on certain watercraft are modified to provide that the director of revenue shall mail the certificate of title with the new and address of the new lienholder to the owner named in the certificate of title, not the first lienholder named in the certificate.

The Director of the Division of Finance is authorized to obtain data filed with federal regulatory agencies in lieu of requiring direct filing of reports of condition from financial institutions. The Director may require verification of the data from such institutions. During the Director's examination of a bank or trust company, if the director relies upon audits by a C.P.A., the Director must be afforded access to any workpapers used as a basis for the audit.

The definition of "bank" is modified to specifically include chartered commercial banks and national banks in this state. The definitions of "demand deposits" and "time deposits" are modified to provide that payment of such deposits can be required as provided in federal law. Currently, payments can be required within 30 days.

Banks are authorized to purchase or lease real property in an amount not exceeding its legal loan limit and may derive income from the renting or leasing of such property. Should the purchase or lease exceed the legal loan limit or be from an interested party, such bank must seek prior approval from the Director of the Division of Finance. Banks and trust companies, savings and loan associations and credit unions may impose fees or service charges on deposit accounts, subject to certain promulgated rules.

The proposal creates a definition of a "trust holding company" and authorizes the formation of a trust holding company in Missouri. The Director of the Division of Finance is required to determine if a proposed acquisition by a trust holding company of a trust company is consistent with the interests of having sound trust companies. The Director is authorized to grant or deny the proposed acquisition. The Director may examine and investigate trust holding companies.

This proposal modifies provisions of the Uniform Commercial Code. Any transaction that complies with Articles 3, 4 and 9 of the Code shall not be subject to common law claims other than those specifically provided for in the Code. Consumer transactions are included in the rules for secured transactions when the amount of a deficiency or surplus is in issue.

DESCRIPTION (Continued)

Variable rate agreements are subject to certain statutes limiting fees and charges until the extension of credit is paid off or the debtor requests an extension or refinancing. At the time of such request, the creditor may convert the credit extension to a loan contract or times sales agreement, provided the same statutes limiting fees and charges will still apply.

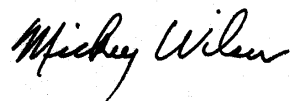
The proposal provides that Section 443.130, RSMo, relating to penalties for failure to release certain mortgages shall be construed as provided in Lines v. Mercantile Bank, 70 S.W.2d 676 (Mo. App. Ct. 2002).

The proposal deletes certain sections in Chapter 408, RSMo, concerning variable interest rates.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development  
Division of Finance  
Division of Credit Unions  
Department of Higher Education  
Department of Revenue  
Office of Secretary of State  
Uniform Commercial Code Division



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